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### **Q & A: State treasurer discusses his role in Southern Arizona**

State Treasurer Dean Martin was in Southern Arizona last week to meet with local government investors and constituents. Martin, who is third in the line of succession to the governor, took over the office in January after his predecessor David Peterson resigned because of misconduct allegations. Last week, Martin completed a week-long tour of Southern Arizona, which included stops in Marana and Tucson, to get the word out on what the Office of the Arizona State Treasury can do.

On an average day, the treasurer's office handles \$300 million in deposits. The treasurer's office handles funds for Oro Valley, Marana and many other small governments throughout Arizona.

Martin spoke with the EXPLORER during his Southern Arizona tour.

*How often do you get out of the office and talk to constituents like this?*

"This is the first time I've been able to get out and spend the entire week on the road...but now that we're fully staffed, and have the resources, I can go out and visit (the investors) directly."

*Do you handle funds with local governments?*

"Really, the only communities large enough to do this on their own are Maricopa County, City of Phoenix and City of Tucson. Pretty much every other community in the state uses some sort of outside manager for their funds. If they invest with us, we can provide them with freer liquidity on their own and a better rate of return. Especially in small town, rural Arizona it's hard to get the experience there that at salaries that the government pays compared to what the private sector pays."

*Are communities like Oro Valley and Marana, which don't levy a property tax, missing out on extra funds gained through additional interest?*

"No, it doesn't matter what source of money they deposit with us, it can be everything from cash flows from water and sewer to state-shared revenues and parking fees. A lot of communities use us as their checking (account); some of them use us as their reserve funds."

*What is something the average person may not know about the treasurer's office?*

"We're basically the taxpayer watchdog. It's our job to stand between the executive and the legislative and the actual cash. We're there to make sure so one cuts any checks to a Caymen Islands account. And also the investment side, we are the investment bank of the state. We're the one state agency that literally makes money."

*What happens to the extra money you make?*

"It goes back to where it came from. If it's a local investor, the money goes back to them. If it's state's money, it depends on the source of money. We track about 1,800 different accounts for the state of Arizona. Of those 1,800, 500 of them are allowed to earn interest. If it's one of those 1,100, those dollars we still invest, but those monies go into the general fund."

*Do you have any contact with the private sector?*

"We're basically an investment house for Arizona governments, but we do obviously have contact with the entire financial realm. We have \$12 billion to invest, so some of the biggest names in Wall Street we work with."

*How does the recent collapse of First Magnus and the condition of the state's real estate market affect what you do?*

"We're a very conservative fiscal investor. We don't invest in sub-prime mortgages; we don't do hedge funds. As a result, we have not had any problems with this latest credit crunch. We were pre-prepared for this credit crunch before it happened when I came in in January. We hired some additional portfolio managers (to go) through our entire portfolio and scrub it to make sure our portfolio was in good shape. We have very little that's in mortgages at all, and all of that is in prime mortgages."

*What are some of the things you'd like to see the treasurer's office do over the next couple of months?*

"We're going to get the internal auditor hired in the next couple of weeks. We've got a lot of work to do in the office. Frankly there's a lot of mess left from the previous administration. The computer system is ancient. This next year we're going to go back to the legislature and request the funds so we'll have a real robust internal accounting system. My term is only eight years. I want to be sure that once I'm gone, as an Arizona taxpayer my money is still going to be safe, no matter who gets elected."

**Nick Smith**